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EXAMINER

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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE BOARD OF PATENT APPEALS
AND INTERFERENCES

Ex parte SHUJI SHICHI

Appeal 2009-003977
Application 09/883,371
Technology Center 3600

Decided: March 8, 2010

Before MURRIEL E. CRAWFORD, TONI R. SCHEINER, and BIBHU R.
MOHANTY, *Administrative Patent Judges*.

MOHANTY, *Administrative Patent Judge*.

DECISION ON APPEAL

STATEMENT OF THE CASE

The Appellant seeks our review under 35 U.S.C. § 134 (2002) of the final rejection of claims 16-35 which are all the claims pending in the application. We have jurisdiction under 35 U.S.C. § 6(b) (2002).

SUMMARY OF THE DECISION

We REVERSE.

THE INVENTION

The Appellant's claimed invention is directed to provide a data sale settling method for a prepaid card (Spec. 1:24-26). Claim 16, reproduced below, is representative of the subject matter of appeal.

16. A data sale immediate settling method comprising the sequential steps of:

- A) providing a user with a prepaid card linked to a database;
- B) executing a first action chain for immediately settling a data sale comprising the sequential sub-steps of
 - i) the user inputting a password number,
 - ii) a first validation of the prepaid card by comparing the user-input password number to a system-set first-time password number stored on the database as the current password number,
 - iii) the user entering a next-time password number and storing the user-input next-time password number in the database as a new, user-set next-time password number, and
 - iv) requesting a current monetary balance available on the prepaid card; and

C) executing another action chain comprising the sequential sub-steps of

i) the user inputting another password number,

ii) validation of the prepaid card by a successful comparison of the user-input another password number to the stored new, user-set next-time password number,

iii) the user entering another next-time password number and storing the user-input another next-time password in the database as the new, user-set next-time password number required for validation of the prepaid card in a next another action chain, and

iv) requesting another current monetary balance available on the prepaid card, wherein step C) is repeated.

THE REJECTIONS

The Examiner relies upon the following as evidence in support of the rejections:

Parillo	US 5,239,583	Aug. 24, 1993
Novoa	US 6,636,973 B1	Oct. 21, 2003
Kwan	US 2003/0200179 A1	Oct. 23, 2003
Rubin	US 6,701,522 B1	Mar. 2, 2004

The following rejections are before us for review:

1. Claims 16-21 and 30-33 are rejected under 35 U.S.C. § 103(a) as unpatentable over Kwan and Parillo.
2. Claims 22-26 and 29 are rejected under 35 U.S.C. § 103(a) as unpatentable over Kwan, Parillo, and Rubin.

3. Claims 27-28 and 34-35 are rejected under 35 U.S.C. § 103(a) as unpatentable over Kwan, Parillo, Rubin, and Novoa.

THE ISSUE

At issue is whether the Appellant has shown that the Examiner erred in making the aforementioned rejections.

This issue turns on whether the prior art discloses or suggests a user entered next-time password required for validation of the prepaid card in a next another action chain.

FINDINGS OF FACT

We find the following enumerated findings of fact (FF) are supported at least by a preponderance of the evidence:¹

FF1. Kwan discloses a method, apparatus, and program to make payment in any currency using pre-paid cards (Title).

FF2. Kwan discloses that the system stores monetary value to make payments to merchants through a data network and that encrypted, dynamic codes are used for each transaction (Abstract).

FF3. Parillo discloses a method for improved security using access codes (Title) and that a PIN code is used with a prescribed “start” sequence (Abstract).

FF4. Parillo at Col. 2:10-46 discloses that PIN codes may be used in the invention.

¹ See *Ethicon, Inc. v. Quigg*, 849 F.2d 1422, 1427 (Fed. Cir. 1988) (explaining the general evidentiary standard for proceedings before the Patent Office).

FF5. Parillo at Col. 3:58-4:25 discloses that the system increments at least one of the digits of the stored PIN for that account.

FF6. Parillo at Col. 6:26-49 discloses how the CPU compares entered PIN to the stored PIN code.

FF7. Parillo at the Abstract, Col. 2:10-46, Col. 3:58-4:25, and Col. 6:26-49 fails to disclose the user entering a user entered next-time password required for validation of the prepaid card in a next another action chain.

PRINCIPLES OF LAW

Principles of Law Relating Claim Construction

We determine the scope of the claims in patent applications not solely on the basis of the claim language, but upon giving claims their broadest reasonable construction in light of the specification as it would be interpreted by one of ordinary skill in the art. *In re Am. Acad. of Sci. Tech. Ctr.*, 367 F.3d 1359, 1364 (Fed. Cir. 2004). The properly interpreted claim must then be compared with the prior art.

Principles of Law Relating to Obviousness

“Section 103 forbids issuance of a patent when ‘the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains.’” *KSR Int’l Co. v. Teleflex Inc.*, 550 U.S. 398, 406 (2007). The question of obviousness is resolved on the basis of underlying factual determinations including (1) the scope and content of the prior art, (2) any differences between the claimed subject matter and the prior art, (3)

the level of skill in the art, and (4) where in evidence, so-called secondary considerations. *Graham v. John Deere Co.*, 383 U.S. 1, 17-18 (1966). *See also KSR*, 550 U.S. at 407 (“While the sequence of these questions might be reordered in any particular case, the [*Graham*] factors continue to define the inquiry that controls.”)

In *KSR*, the Supreme Court emphasized “the need for caution in granting a patent based on the combination of elements found in the prior art,” *id.* at 415-16, and discussed circumstances in which a patent might be determined to be obvious. In particular, the Supreme Court emphasized that “the principles laid down in *Graham* reaffirmed the ‘functional approach’ of *Hotchkiss*, 11 How. 248.” *KSR*, 550 U.S. at 415, (citing *Graham*, 383 U.S. at 12), and reaffirmed principles based on its precedent that “[t]he combination of familiar elements according to known methods is likely to be obvious when it does no more than yield predictable results.” *Id.* at 416. The Court also stated “[i]f a person of ordinary skill can implement a predictable variation, § 103 likely bars its patentability.” *Id.* at 417. The operative question in this “functional approach” is thus “whether the improvement is more than the predictable use of prior art elements according to their established functions.” *Id.*

The Court noted that “[t]o facilitate review, this analysis should be made explicit.” *Id.* at 418 (citing *In re Kahn*, 441 F.3d 977, 988 (Fed. Cir. 2006) (“[R]ejections on obviousness grounds cannot be sustained by mere conclusory statements; instead, there must be some articulated reasoning with some rational underpinning to support the legal conclusion of obviousness”). However, “the analysis need not seek out precise teachings directed to the specific subject matter of the challenged claim, for a court

can take account of the inferences and creative steps that a person of ordinary skill in the art would employ.” *Id.*

ANALYSIS

The Appellant argues that the rejection of claim 16 is improper and notes that in claim 16 step C) iii) requires a “new, user-set next-time password number” and that step B) iii) is similar (Br. 7). The Appellant argues that Kwan fails to disclose these steps (Br. 8). The Appellant also argues that the Examiner has improperly determined these steps to be “well known actions” at the time of the invention as findings of fact (Br. 8-9; Reply Br. 3-4). The Appellant also argues that the Examiner has improperly determined that Parillo teaches a “user-set password” because the password includes a prescribed start sequence (Br. 9; Reply Br. 5).

In contrast the Examiner has determined that rejection of claim 16 under Kwan and Parillo is proper (Ans. 14-18). The Examiner has not disputed that Kwan fails to disclose steps B) iii or C) iii but asserts that the validation of passwords and changing of passwords is well known (Ans. 5-6). The Examiner has found that the argued limitation for a password set by the user and not a password set by the system is not recited in the claims (Ans. 15). The Examiner also has found that Parillo discloses these steps (Ans. 7). The Examiner also asserts that it would have been obvious to include a provision for changing a password as often as wished and at anytime after a bill payment “to increase security of the password protection” (Ans. 6-7).

We agree with the Appellant. We begin with claim construction and note that claim 16 recites in part (emphasis added):

ii) *a first validation of the prepaid card* by comparing the user-input password number to a system-set first-time password number stored on the database as the current password number,

iii) *the user entering a next-time password number* and storing the user-input next-time password number in the database as a new, user-set next-time password number, and

iv) requesting a current monetary balance available on the prepaid card; and

C) executing another action chain comprising the sequential sub-steps of

i) the user inputting another password number,

ii) *validation of the prepaid card by a successful comparison of the user-input another password number to the stored new, user-set next-time password number,*

iii) *the user entering another next-time password number* and storing the user-input another next-time password in the database as *the new, user-set next-time password number required for validation of the prepaid card in a next another action chain,* and

iv) requesting another current monetary balance available on the prepaid card, wherein step C) is repeated.

Thus, we construe the claim to require in part: at the “first validation of the prepaid card” that the “user enters[ing] a next-time password.” At a subsequent “validation of the prepaid card the ‘user enters[ing] another next-time password’” which is “required for validation of the prepaid card in a next another action chain” which requires that the *user changes the password* each time it used in the *next, another action chain*.

We agree with the Appellant that the cited limitations are not disclosed by the prior art. The Examiner appears to have taken Official

Notice in stating that is “well known” to change passwords (Ans. 5). While it may have been well known to have users change passwords frequently, it is unclear that it was “well known” to require that a new user-entered password is required for the each, *next* another chain at the time the invention was made. It is incumbent upon the examiner to establish a factual basis to support the legal conclusion of obviousness. *In re Kahn*, 441 F.3d 977, 988 (Fed. Cir. 2006). The Examiner also appears to assert that Parillo discloses the argued limitations B-iii and C-iii. Parillo however fails to disclose the user entering a “user entered next-time password required for validation of the prepaid card in a next another action chain” (FF7) at the portions of the reference cited by the Examiner. Note that in Parillo that the password is not totally “user-entered” since the system increments at least one of the digits of the stored PIN for the account (FF5). For these reasons the prior art has not disclosed limitations B-iii and C-iii of claim 16.

The Examiner also states that it would have been obvious to modify Kwan or Parillo to include a provision to change a password as often as wished and at any time for increased security (Ans. 6) but the claims require a password change not “as often as wished” but specifically for each “next another action chain.” Thus we hold that the Examiner’s rejection has failed to provide an articulated reasoning with some rational underpinning to support the legal conclusion of obviousness here since the claims specifically require “user entered next-time password required for validation of the prepaid card in a *next* another action chain” and we are constrained to not sustain the rejection.

For these reasons the rejection of claim 16 and its dependent claims is not sustained. Claim 30 contains limitations similar to the one addressed in

claim 1 above. For these same reasons the rejection of claim 30 and its dependent claims is also not sustained.

CONCLUSIONS OF LAW

We conclude that Appellant has shown that the Examiner erred in rejecting claims 16-21 and 30-33 under 35 U.S.C. § 103(a) as unpatentable over Kwan and Parillo.

We conclude that Appellant has shown that the Examiner erred in rejecting claims 22-26 and 29 under 35 U.S.C. § 103(a) as unpatentable over Kwan, Parillo, and Rubin.

We conclude that Appellant has shown that the Examiner erred in rejecting claims 27-28 and 34-35 under 35 U.S.C. § 103(a) as unpatentable over Kwan, Parillo, Rubin, and Novoa.

DECISION

The Examiner's rejection of claims 16-35 is reversed.

REVERSED

JRG

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